

**Agency: Commerce, Community and Economic Development****Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Anchorage Neighborhood Health Center****Federal Tax ID: 92-0047963****Project Title:****Anchorage Neighborhood Health Center - Relocation and Construction of New Facility****State Funding Requested: \$ 5,000,000****House District: Anchorage Areawide (17-32)**

One-Time Need

**Brief Project Description:**

ANHC serves the uninsured and the underinsured of Anchorage, and needs a better space to serve this population.

**Funding Plan:****Total Cost of Project: \$29,318,000**

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
Federal Funds	\$320,000	2008	\$7,500,000	2008-2010		
State Funds	\$5,000,000	2008				
Denali Commission	\$1,200,000	2008				
Local Funds	\$1,185,000					
Other	\$2,900,000				\$5,800,000	2008-2011
Total	\$10,605,000		\$7,500,000		\$5,800,000	

*Explanation of Other Funds:*

Sources include grants from foundations within Alaska, like Rasmuson, and nationwide groups like Kresge, Weinberg, Paul Allen, and others.

**Detailed Project Description and Justification:**

The Anchorage Neighborhood Health Center provides primary and dental health care to the uninsured and underinsured of Anchorage. Established in 1974, the ANHC has grown to the point that it provides over 49,000 medical and dental visits a year. For many patients, the health center is the only source of health care services available and it has already reached the point where the safety net is full.

To serve current and future needs the ANHC needs to move to a new facility with more adequate space. Additionally, the new facility will be located in Midtown Anchorage, and on a major bus route, so that patients can access the clinic easily. Funding this project will ensure that a vital part of the public health puzzle can not only continue to function, but also better serve those in need of care.

**Project Timeline:**

Construction could take place in conjunction with the capital campaign, and the new facility could be occupied by 2011.

**Entity Responsible for the Ongoing Operation and Maintenance of this Project:**

ANHC

**Grant Recipient Contact Information:**

Contact Name: Joan Fisher

Phone Number: 792-6258

Address: 1217 E. 10th Ave., Anchorage, AK, 99501

Email:

Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No



# Municipality of Anchorage

P.O. Box 196650 • Anchorage, Alaska 99519-6650 • Telephone: (907) 343-4431 • Fax: (907) 343-4499 <http://www.muni.org>

*Mayor Mark Begich*

**Office of the Mayor**

March 7, 2008

Representative Mike Chenault  
Co-Chair, House Finance Committee  
Alaska State Legislature  
State Capitol, Room 515  
Juneau, AK 99801-1182

Dear Representative Chenault:

The Municipality of Anchorage (MOA) strongly supports the Anchorage Neighborhood Health Center (ANHC) in its efforts to construct a new health center in Anchorage. We have been working with the staff and board of ANHC to identify and secure a building site. I also designated this project as one of my priorities for capital funding by the Alaska Legislature this session.

Over the years, the MOA has enjoyed an excellent working relationship with ANHC; they work diligently with our Department of Health and Human Services staff to ensure our residents' public and primary healthcare needs are met in a professional and timely manner. ANHC provides important health services for many people who would not otherwise be able to afford medical and dental services.

The MOA understands the need for a larger modern health center. ANHC's own patient marketing plan identifies three criteria for the location of a new health center that are guiding our search effort; high visibility in the community, location on a major transportation route, and location in proximity to the University-Medical District.

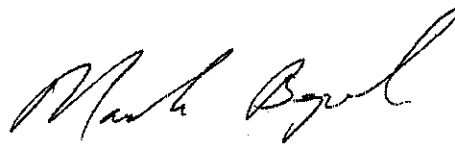
*Community, Security, Prosperity*

Representative Mike Chenault  
March 7, 2008  
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ANHC has completed a conceptual planning process, continued to make progress in establishing funding partnerships, and are at the forefront of many efforts to address the community's increasing demand for accessible primary health care. A larger, more modern, and efficient facility will enable them to consolidate their programs and to meet our community's expectations of a higher level of services.

I look forward to working with the new Assembly to secure their site and actively supporting their design and construction efforts. I urge the Legislature to do the same.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Begich". The signature is fluid and cursive, with the first name "Mark" being more prominent than the last name "Begich".

Mark Begich  
Mayor

cc: Representative Kevin Meyer  
Representative Les Gara  
Senator Lyman Hoffman  
Senator Bert Stedman  
Senator Johnny Ellis



*Promoting wellness by providing the highest quality care  
with compassion and accessible services for our community*

**Anchorage's New Community Health Center**  
**An Accessible Healthcare Home For Our Community**  
**(updated March, 2008)**

In the past two years, the Anchorage Neighborhood Health Center has made important progress toward the goal of constructing a new and larger community health center that is modern and centrally located. The Board of Directors and staff have developed funding partnerships and anticipate securing a site in the coming months in order to undertake the design phase of the project. Construction will take place in conjunction with a community capital campaign and we anticipate occupancy by 2011.

As one of Alaska's largest primary care medical and dental providers, and the largest community health center, ANHC plays a vital role in the lives of over 12,300 patients from throughout the state.

- The Health Center is the only primary care medical practice accepting new Medicare patients
- ANHC diverts uninsured patients away from hospital emergency rooms
- The Health Center's sliding fee scale makes healthcare affordable to the more than 45,000 Anchorage residents, (116,000 estimated in Alaska), without health insurance

## Project Overview and Funding Plan – updated March, 2008 (page 1/2)

### Project Overview

- 54,000 square foot total
- 36 medical exam rooms accommodating 12 full time clinical providers
- 8 dental operatories accommodating 4 full time dental providers
- On-site pharmacy, health education and support services, patient financial services, and administration
- More efficient layout to increase number of patients that can be served
- Cost savings in maintenance and operations
- Central location in Midtown/U-Med districts under consideration
- Improved healthcare professional recruitment and retention

### Project Cost

Item	Amount
Project Construction	\$22,930,000
Moveable Equipment	\$ 3,980,000
Consulting Expenses	\$ 3,471,000
Administrative Expenses	\$ 336,000
Land	\$ 1,185,000
Project Contingency	\$ 1,396,000
<b>Total Project Budget</b>	<b>\$29,318,000</b>

**Funding Progress - \$ 8.02 million secured**  
**\$ 1.19 million in process**

### ANHC Financed - \$2.9 million total (10% total)

- **\$1.5 million secured** – ANHC's board authorized securing a line of credit from the company's assets to match grants
- *\$1.4 million able to finance – for consideration at end of capital campaign.*  
ANHC has conducted three financial feasibility studies since 2004. They indicate that we can conservatively afford \$1 million in debt financing for this project. ANHC recently completed a verification by an outside contractor of size and pre design cost assumptions.

### Private Sector Campaign - \$5.8 million total (20% total)

- *\$2 million goal – Community Campaign – 2008-2011.*  
Advance work to identify donors for a 2008-2010 campaign starts in spring, 2008. The Board will retain fundraising counsel for this campaign.
- *\$2 million goal - Alaska grants and corporate philanthropy – 2009-2011.*  
To include Rasmuson Foundation, other local foundations, and the health and corporate communities. The Rasmuson Foundation and Providence Alaska were both early supporters of the project. Providence has identified completion of this project in its current strategic plan.
- *\$1.8 million goal – 2009-2011.*  
Foundation support – to include Murdoch, Paul Allen, Weinberg, and Kresge foundations, amongst others. All have past history supporting health center capital campaigns.

## **Project Overview and Funding Plan – updated March, 2008 (page 2/2)**

### **Municipality of Anchorage - \$1.185 million total (5% total)**

- **Nominal fee site lease – \$1.185 million – in process** – ANHC and the Municipality of Anchorage are collaborating to identify a centrally located four acre site for a new community health center in the Anchorage Midtown or University-Medical “U-Med” neighborhoods.

### **State of Alaska - \$10 million total (33%)**

- **\$5 million secured** – for facility development and relocation expenses/
- **\$5 million request – 2008-2009.**  
ANHC is discussing opportunities to grow the State of Alaska’s participation through departmental budget line inclusion, continued placement in the capital budget, and other mechanisms.

### **Federal Government - \$9.5 million total (32%)**

- **\$1.2 million secured for design – Denali Commission** – funds contingent on match to be provided by ANHC.
- **\$.32 million secured for design/construction – earmark through Senator Lisa Murkowski**
- *\$7.5 million appropriations request – 2008-2010.*  
Pending legislative requests to Senator Murkowski.

### **Funding Challenges**

- **Congressional Appropriation** – The board recognizes the changing dynamics regarding direct appropriations and has strategized with the Congressional delegation on how to best proceed. ANHC is considering how it’s its capital expansion could be part of a solution in expanding access to services for Medicare beneficiaries.
- **Medicare Access** – The board has researched market-based strategies to expand and dedicate a part of its practice to Medicare patients. This approach could be necessary to gain wide support to complete construction funding.
- **Municipality of Anchorage** – The process for acquiring land has taken much longer than was initially expected, and that has delayed other requests for support. The board and staff are working on a site in Midtown that currently houses the Midtown Post Office and four acres of developable land that could house both the Public Health Department and ANHC. The Board of Directors has also directed staff to identify alternative private sites with the goal to purchase or lease by June, 2008.

## Anchorage Neighborhood Health Center – General Information

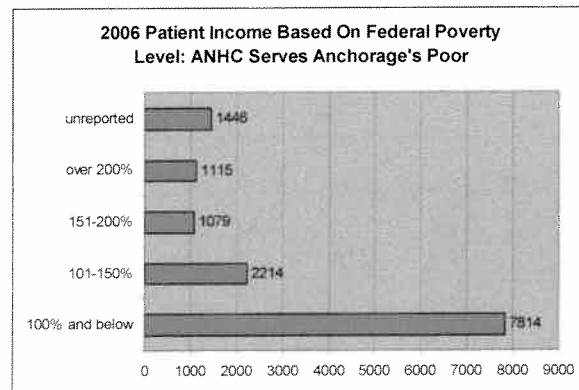
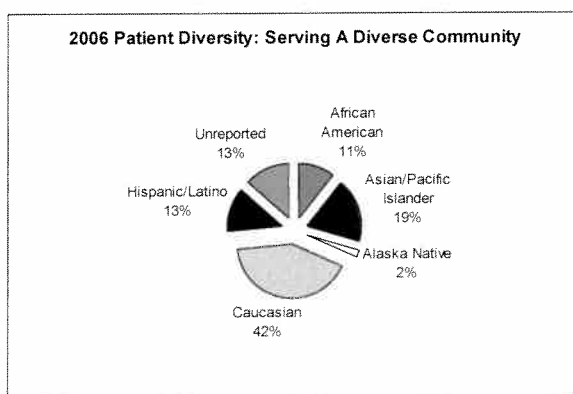
### HISTORY

In 1974, the Anchorage Neighborhood Health Center was incorporated and began serving the community through a handful of clinicians in an 840 square foot trailer. Thirty years later, ANHC has a staff of over 130, including 18 medical providers, and serves over 12,300 individual patients from its 15,000 square foot health center in Fairview.

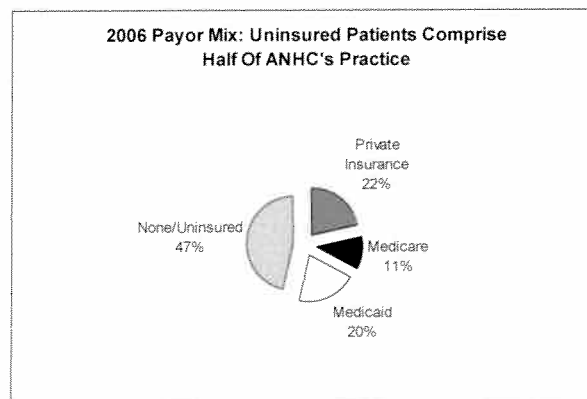
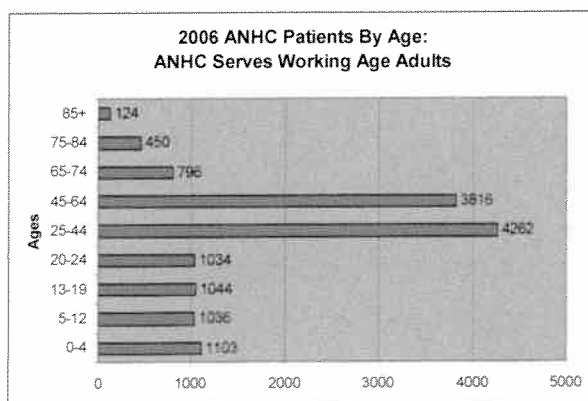
Over the years, ANHC has continued to grow to meet the increasing needs of the Anchorage community. Adding dental services in Mountain View, providing care to military families while their physicians are serving in the war are examples of our commitment to seek out opportunities to increase access to care. In 2008, ANHC will consolidate its two clinics, and close in Mt. View. It does this as a result of a chronic shortage of medical providers, (primarily physicians), the need to increase the efficiency of our practice and to economize our operations.

### INDIVIDUALS SERVED

During a year ANHC will see approximately 12,300 individual patients.



**\*\* 60% of our patient population are below the Federal Poverty Level**



## **Anchorage Neighborhood Health Center – General Information**

### **SERVICES PROVIDED BY ANHC**

- Outpatient Care – “Primary Care”
- In-house Pharmacy
- X-ray and Mammography
- Case Management
  - WIC
  - Tuberculosis
  - Diabetes Education
  - HIV+/AIDS Prevention and Outreach
- Inpatient Care
  - \* At any given time, ANHC has approximately 20 patients at Providence Alaska Medical Health Center. ANHC physicians rotate to provide 24 hour coverage at Providence.
- Prenatal Care and Delivery
- Laboratory
- Mental Health/Substance Abuse
- Dental

### **COMMUNITY SERVED**

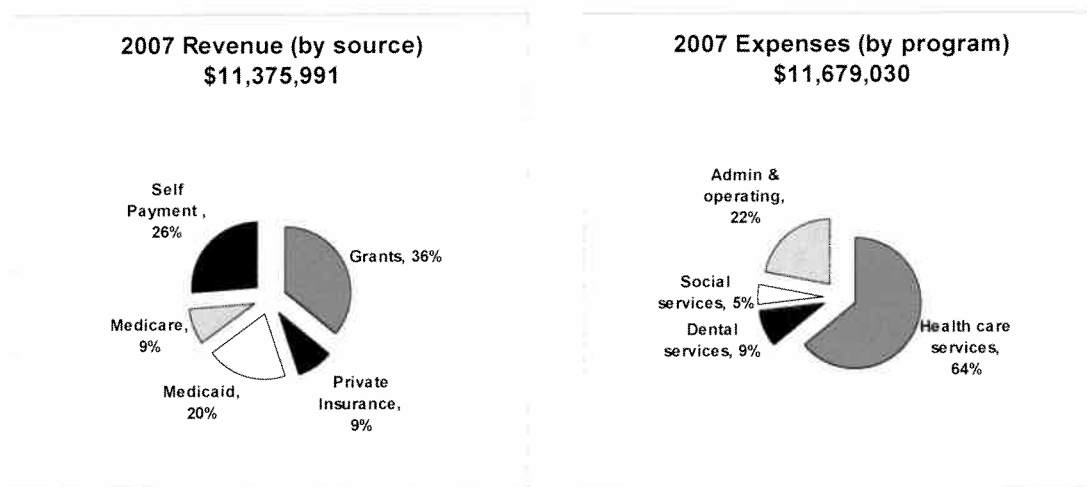
ANHC provides health care to anyone regardless of insurance status or their ability to pay. It is reported that over 116,000 (18.2%) people in Alaska and approximately 45,550 people in Anchorage do not have insurance. The safety net providers for the uninsured are Community Health Centers and the emergency rooms at local hospitals. For many patients, the health center may be the only source of health care services available. Unfortunately, all of the safety nets are full.

Uninsured patients and Medicaid patients are seeking services from local hospitals emergency rooms as a last resort and as a result, emergency rooms have become overcrowded and financially burdened. By ANHC offering health services to the uninsured, emergency rooms are able to focus on patients who need trauma care.

- Of the 17.5 percent of Anchorage residents who reported no health care coverage, more than seventy percent reported that they have been uninsured for at least one year.
- Anchorage area medical costs exceeded national averages and the inflation rate consistently since 1983.
- There are more than 31,000 residents who live below the 100% federal poverty level.
- ANHC is serving an increased number of new immigrants who are not eligible for Medicaid for their first 5 years as legal residents in the United States.
- One in five Alaskans are uninsured. Anchorage has approximately 45,550 uninsured adults and children.
- The homeless population in Anchorage is over 5,000 people.

We are experiencing a growth in the numbers of uninsured in our state and in our city. This trend is repeated on a nationwide level and is projected to continue to increase as long as insurance costs rise. According to the Kaiser Family Foundation, the number of uninsured patients is rapidly growing across the country – from 39.6 million in 2000 to over 45.8 million in 2004.

## ANHC Financial Information



### Revenue Sources In Transition

Funding for community health centers and the insurance programs that cover our patients are in a state of transition. We are challenged by continued decreases and threats of diminished funding by our grantors and the Medicaid and Medicare programs. We are investigating opportunities to adjust and market the services that we do provide to increase our overall funding.

**Grants** – The Health Center’s largest single funding source is its grant from HRSA (Health Resources and Services Administration). This grant enables the Health Center to provide its sliding scale discount to uninsured patients. In 2007, ANHC lost nearly \$400,000 in grants that provided a range of services including HIV outreach in the community and tuberculosis control services.

**Self Payment by Uninsured Patients** – The Health Center’s second largest source of revenue. Over half of ANHC’s patients have no health insurance and pay for all or a portion of their care by utilizing the Health Center’s sliding fee scale.

**Private Insurance** - Private insurance as a funding source has slowly declined as the number of patients who are uninsured has increased. Patients with commercial insurance who make the Health Center their healthcare home are making the important statement that they value care that is accessible to everyone.

**Medicaid** – Medicaid and the Denali Kid Care Program provide insurance coverage for individuals, mothers, and children at 175% of the federal poverty level and below. One interesting fact about this payor source is that new immigrants to the US must be in the country for five years before they are eligible for this coverage.

**Medicare** – The Health Center is the only primary care medical practice in Anchorage that accepts new Medicare patients. Medicare does not cover the cost of providing care to our seniors, but health centers receive slightly higher reimbursement than private practice.

## ANHC Board of Directors

Joel Neimeyer, Board Chair  
Program Officer  
Rasmuson Foundation  
Appointed 2006

Maude Blair, Board Vice Chair  
Attorney  
NANA Regional Corporation  
Appointed 2005

Veronica Allmaras, Board Secretary  
Registered Nurse  
Anchorage School District  
Appointed 2004

Doug Everhart, Board Treasurer  
Financial Analyst  
ConocoPhillips  
Appointed 2000

Harry Banahan Jr.  
Career Development Site Coord.  
Nine Star Enterprises  
Appointed 2007

Jennifer Bundy-Cobb  
Vice President, Sr. Benefits Advisor  
The Wilson Agency  
Appointed 2007

Dr. John Christopherson  
Pediatrician  
Southcentral Foundation  
Appointed 2000

Wendi Densmore  
Retired  
Appointed 2007

Joel Gilbertson  
Region Manager  
Providence Health System Alaska  
Appointed 2005

Michelle Moore-Jones  
Employment Specialist  
State of Alaska – Dept. of Labor  
Appointed 2006

Vanessa Salinas  
Executive Director  
Alaskans for Responsible Mining  
Appointed 2006

Brian Spink  
Vice President, Internal Audit  
Alaska USA Federal Credit Union  
Appointed 1999

Dean Thompson  
Attorney  
Kemppel, Huffman & Ellis  
Appointed 2000

Judy Whittaker  
Senior Activist  
Appointed 2003

Becky Zembower\*  
Human Resources Director  
NMS  
Appointed 2002

\*past Board Chair

ANHC bylaws state that a majority of the board members should be individuals who are “consumers” and who, as a group, represent the individuals being served in terms of demographic factors, such as race, ethnicity, sex and neighborhood. This is also driven by a HRSA requirement.

## **PROJECT HISTORY (Due Diligence)**

### **2002**

- ANHC begins master planning process to consolidate its administrative functions at one of its health centers and determines that it would be most cost-effective to build a new health center more centrally located for the entire community.
- Denali Commission awards Conceptual Planning grant and Livingston Sloan is selected to provide space analysis and programming, conceptual design, budget, and to identify building sites in the community.
- User surveys conducted by Ivan Moore Research show that 44% of respondents had not heard of health center. Of those who had, usage was affected by perceptions of neighborhood safety and hours of operation.

### **2003 - 2004**

- Northern Economics conducts market and financial analysis that quantifies continued growth in low income population and that the need for health services for the uninsured will increase over the next 20 years.
- Municipality of Anchorage and ANHC complete analysis and determine that co-location of Department of Health and Human Services and Health Center is not conducive and will not lead to space or cost savings.
- Financial pro forma completed shows that organization could fund up to 10 percent of project costs and would require 90 percent institutional and private funding. The pro forma is updated on a regular basis.

### **2005 - 2006**

- The Rasmuson Foundation and Providence Health System Alaska sponsor a meeting of funders that includes representatives of government, private organizations, business, and service partners to provide an update on the status of the project, and solicit ideas and support.
- ANHC begins discussions with the Municipality of Anchorage to secure a building site in the U-Med or Midtown districts.

### **2007 – present**

- ANHC's Board of Directors authorizes application for line of credit up to \$1.5 million backed by Fairview Health Center property to provide match to future grant funds.
- Alaska Legislature awards ANHC \$5 million for relocation and construction.
- Denali Commission awards Health Center \$1.2 million to support design phase expenses.
- ANHC and Municipality continue to collaborate to identify a site for long term lease. Currently developing a proposal to co-locate Department of Health and Human Services and Health center in the building and adjacent lot currently occupied by the midtown Post Office at the corner of A Street and 36<sup>th</sup> Avenue.
- Health Center receives notification of initial federal appropriation of \$320,000 for 2009 budget cycle.